Roth, Jason

From: Brown, Brian (TM)
Sent: Tuesday, February 01, 2011 10:30 AM
To: Roth, Jason
Subject: FW: Small Business Study
Attachments: INTASubmissiononUSPTOTrademarkLitigationStudy01_04_11.pdf

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From: Morris, Craig
Sent: Wednesday, January 05, 2011 4:43 AM
To: Brown, Brian (TM)
Subject: FW: Small Business Study

Here is another one.

From: Michelle King (b)(6)
Sent: Tuesday, January 04, 2011 6:07 PM
To: TMFeedback
Cc: Michelle King
Subject: Small Business Study

Dear Mr. Kappos,
On behalf of the International Trademark Association (INTA), attached is INTA's submission in response to the request for comments.
Please confirm receipt of this email.
Sincerely,
Michelle Sara King

Michelle Sara King
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January 4, 2011

The Honorable David Kappos
Under Secretary of Commerce for Intellectual Property &
Director of the United States Patent and Trademark Office
The United States Patent and Trademark Office

Via email: TMFeedback@uspto.gov

Dear Mr. Kappos:

RE: Request for Comments: Trademark Litigation Tactics

The International Trademark Association (INTA) is pleased to respond to the United States Patent and Trademark Office's (USPTO) request for comments regarding trademark litigation tactics, which was mandated under the Trademark Technical and Conforming Amendment Act of 2010 § 4 (the study and report).

INTA is a not-for-profit organization founded in 1878 with 5,800 members in more than 190 countries. INTA's members include trademark owners of all sizes, law firms, advertising agencies, and professional associations who share the common mission of supporting trademarks as essential elements of fair and effective commerce.

Introductory Comments

As a global membership association of trademark owners and professionals, INTA members are frequent participants in trademark litigation and therefore are interested in the development of clear and consistent principles of trademark and unfair competition law. INTA appreciates the efforts to bring greater clarity to trademark law and practice. However, the allegation that there are unfair legal tactics by larger brand owners specifically targeted against small businesses in trademark enforcement actions demonstrates a misunderstanding of the current law and the legal obligations of trademark owners. INTA believes that the interests of trademark owners both large and small are well served by the established practices and rules in litigation. INTA suggests that a greater emphasis on education would assist small businesses and the general public in understanding trademark law and the obligations of rights holders. INTA's detailed comments responding to the questions posed by the request follow.

Equal Protection under Trademark Law

Trademark law is a complex, specialized area of law, which is codified in the U.S. under federal and state statutes and protected under common law. Cases brought to enforce trademarks, as with other types of property disputes, often raise the issue as to who is 'right' and who is 'wrong,' which can be highly contentious. Allegations of overly aggressive legal action or meritless claims are not unique to trademark law, but can exist in any litigation.

Trademark law seeks to prevent consumer confusion and the infringement of trademark rights based on a case-by-case, fact driven analysis, and it is very difficult to isolate and accurately characterize specific fact patterns merely on the basis of the perception of one party. Part of the concern over any perceived "over-reaching" by trademark owners is a lack of understanding of the legal issues involved in trademark law. Like any other property law, trademark law entitles parties to bring their complaints before the courts. It would be unfair to prejudge the equities for trademark litigants before the facts have been investigated and cases have been tried on their merits.

Very importantly, trademark law imposes an obligation on trademark owners to enforce their rights: otherwise those rights may be lost. For example, if a trademark owner fails to challenge use of a confusingly similar mark or a diluting mark, then it not only allows an encroachment on its trademark rights in that instance, but also opens the door for future third parties to do the same. Trademark law has evolved to create a balanced approach to trademark disputes and is designed to avoid any attempt to statutorily micromanage certain trademark cases which would conflict with the obligation to maintain one's trademark rights and which may favor one party over another.

There appears to be an implication in the questions posed in the Request for Comments that small businesses are the victims from the outset of any dispute with a larger organization. However, it would be unfair to base legal protection on the size or nature of the litigant because everyone must be equal before the law. Trademark owners spend considerable resources on enforcement actions to protect their rights against a multitude of "copycats," some of whom can be large competitors but others of whom can be smaller entities, either acting unknowingly or seeking to take advantage of the reputation and the established goodwill of a major brand. The overriding goal of trademark law is to prevent consumer confusion which is something only a court can decide on the facts and not on the relative size of the parties.

Trademark Disputes

Litigation is by its nature adversarial and the U.S. legal system allows parties to use a range of legal strategies to resolve their disputes in a timely and cost effective manner. Trademark owners commonly issue cease-and-desist letters before litigation, and such letters are sometimes perceived by the recipient as being overly aggressive or without merit. But the use of such letters is a valuable way of enabling parties to discuss cases and settle amicably before litigation, which is in the interests of both parties, given the high cost of litigation, and

of the courts, given their crowded dockets. If the alleged infringer disputes the claims of infringement, it is entitled to seek a declaration of non-infringement before the court. Oftentimes alleged infringers can and do seek such action in a venue of their choosing after a single cease-and-desist letter has been received, whether this tactic is appropriate or not. The discussions prompted by cease-and-desist letters also permit the parties to utilize tools, such as mediation and other alternative dispute resolution mechanisms, to address disputes before litigation.

Existing Authority to Address Unfair Litigation Practices

Courts generally have the function of determining what amounts to reasonable tactics after a full assessment of facts during litigation. Litigants and lawyers who overreach can be cited in various ways, from state bar reprimands and sanctions, to costs orders and increased damages. Procedures in the courts and before the Trademark Trial and Appeal Board (TTAB) address the issue of frivolous claims of trademark infringement or frivolous trademark oppositions or cancellations. Federal Rule of Civil Procedure 11, which applies in all U.S. federal courts, provides that a district court may sanction attorneys or parties who submit pleadings for an improper purpose or that contain frivolous arguments with no evidentiary support. A similar process to Rule 11 can be used in the TTAB and in state courts. In exceptional cases, such as unreasonable behavior by one party, the opposing party may be eligible for an award of attorneys' fees. Therefore, INTA believes that the courts currently have sufficient tools that are balanced and adequate to discourage unfair litigation practices.

The Role of Congress

Congress has designed trademark law so that rights holders are required to either protect their trademarks or risk losing their rights. Over the years, Congress has wisely maintained a high-level approach to resolving trademark disputes and has avoided assuming the court's role, recognizing that plaintiffs in trademark cases must be allowed to take their disputes to court, subject to constraints on frivolous litigation. INTA believes that there is no need to single out trademark enforcement actions for special procedures or treatment when adequate protections are in place.

Public Perception and Education

INTA recognizes that what may appear to be over-zealous protection of rights by some trademark owners has from time to time stimulated adverse publicity. One such vehicle for this has been the Internet, which can play a disproportionate role in public consideration of trademark disputes. Social media and the "blogosphere" can lead to public opinion being swayed in favor of the purported victims without a full understanding or a review of the facts and applicable law. For example, there are several instances of small businesses utilizing social media tools to successfully force trademark owners who happen to be larger organizations to drop legally valid challenges. Adverse publicity through these channels is a powerful, and occasionally mis-used, tool to dissuade larger businesses from taking legitimate action for fear of the public reaction.

INTA recommends additional public education and outreach to raise awareness among the public and small business owners of legal protections in the system. For example, the USPTO website might build additional resources to address the basics of trademark rights, proper clearance for trademarks and company names, and enforcement for both infringing and dilutive uses. Perhaps if small businesses had an enhanced understanding of these matters, there would be fewer disputes and less negative reaction to otherwise valid enforcement actions. This also may be an ideal area for the USPTO, the Intellectual Property Enforcement Coordinator, the Small Business Administration and other government agencies to cooperate with industry to assist in the education of small businesses and the general public. INTA's membership includes large and small trademark owners, as well as legal practitioners who represent large and small businesses, and would welcome the opportunity to lend its expertise for a broad-based public education program.

Conclusion

Fundamental to trademark law is the obligation to enforce one's trademark rights, or risk losing them. Allegations of "bullying" in trademark disputes imply that some mark owners are, by virtue of their size, free to limit the rights of others, which is not correct. Trademark owners – both large and small - are entitled to bring their cases to the courts, and it would be unfair to characterize certain cases summarily with no factual investigation or finding on the merits. Indeed, a view about what is a "reasonable" interpretation of the scope of the rights granted to the trademark owner often depends on which side of the dispute a party is on, and trademark owners can and do differ on the interpretation. INTA believes that the current statutory and regulatory framework effectively deals with the issue and provides the courts and the TTAB with well-established mechanisms to address and discourage frivolous and overly aggressive claims.

INTA appreciates the opportunity to submit its comments to the study and looks forward to participating in any further outreach undertaken by the USPTO. Should the USPTO have any questions or comments concerning the INTA response, please contact INTA External Relations Manager Michelle King at (202) 223-0989.

Sincerely,